

Identify what is happening in the external environment in terms

[Environment](#), [Ecology](#)



There are three external factors that affect business: Political, Legal and Social. Political factors involve political stability, government support, taxation and direct support. Legal factor involves things such as employment laws, consumer laws, it also influence attitudes such as healthy eating. Social factor involves education, age, ethics, attitudes etc. Political factors An activity related to government policy and its administrative practices that can have an effect on something.

Most business operators will keep a watchful eye on any political factor, such as new legislation or regulatory shifts, which could have a substantial impact on how their company operates and its bottom line. Political decisions involve making choices that affect large number of people and business. Government support for different types of organization- government supports different organizations in different ways. There are three types of organizations- private, public and nonprofit/voluntary.

In private sector, government tries to create an environment where business can compete. In the nonprofit/voluntary sector, government support business by giving various grants and tax reliefs. In the public sector the government covers the losses made by government owned organizations. Governments use taxation to encourage or discourage certain economic decisions. For example, reduction in taxable personal (or household) income by the amount paid as interest on home mortgage loans results in greater construction activity, and generates more jobs.

Government also puts high taxes, for example they put high taxes on cigarettes and alcohol to discourage smoking and drinking, and high taxes on

fuel to reduce pollution by discouraging people of driving cars so much. Government also tries enhancing the skills of the population. They enhance education and training help to increase skills of working population. They provide a range of training and creates the educational framework including different types of qualifications, such as Apprenticeships and NVQs. Legal factors Business must operate within the framework of the law.

There are three laws that affect business: Company law- how business set up and run, Contract law- contracts that business make with suppliers, employees and etc, and Competition law- how business are allowed to compare with each other. The Contract Law is a set of rules governing the relationship, content and validity of an agreement between two or more persons regarding the sale of goods, provision of services or exchange of interests or ownership. The reason for this is due to the big number of examples in which contracts can arise in everyday life.

Contract law is law that governs oral and written agreements associated with exchange of goods and services, money, and properties. It includes consumer protection and employment law. Consumer protection involves:

- Sales of Goods Act, this act means that the retailers have to sell goods as they are described and satisfactory quality. It means that marketing should describe the product accurately. These laws are aimed at safeguarding consumers by ensuring that goods offered for sale are reasonably safe, and meet certain standards of quality to make them fit for their intended use.

The consumer credit act this applies to business who sells goods on credit, or companies that lend money. Business need to be licensed by the Office of

Fair Trading. This act wants business to give their customers updates on their account regularly. If the customer falls behind the repayments the FOS may extend the time for the customer to repay their debt. •Employment law means that employees are also protected at work. The contract of employment should include names of both parties, job title and description, hours of work, wages etc. Social factors

Are factors that influence individuals' personality, attitudes and lifestyle. Demographic issues, when a population of a country is growing, there is an increase in goods and services and people available to work. Changes in structure means aging population. When the number of older people increase fast the demand for some goods increase, for example wheel chairs, anti-aging creams, world cruises etc. Household and families, there are increasing number of single-person households in the uk. The average marriage age is increasing aswell and many people now live alone.

Education- the level of education is very important nowadays. In almost all industries employers are expecting employees to have a good information about technology, and have good skills at the job they're doing. Attitudes to work influence relationships between employers and employees. Britain has developed a long working hour's culture compared to France and Italy. How external factors affect McDonalds in the UK and Lithuania McDonald's is the world largest chain of fast food restaurants with more than 30000 restaurants serving 52 million customers in more than 100 countries each day.

McDonald's primarily sells hamburgers, cheeseburgers, chicken products, french-fries, breakfast items, soft drinks, milkshakes and desserts. More

recently, it has begun to offer salads, wraps and fruit. Each McDonald's restaurant is operated by franchise, an affiliate, or the corporation itself. The corporation revenues come from the rent, royalties and fees paid by the franchisees, as well as sales in company-operated restaurants. McDonald's revenues grew 27% over the three years ending in 2007 to \$22.8 billion, and 9% growth in operating income to \$3 billion. Within the UK there are approximately 1200 restaurants employing over 85,000 people. In Lithuania there are just 9 restaurants employing less than 200 people. Political factors In the UK McDonald's main competitors are Chippy Shops, Subway and KFC. McDonalds always needed to treat competitors carefully. That's way the factor related with competitor like competitors product quality, service, price competition, market, sales, growth everything impacting McDonalds. In Lithuania the only competitor for McDonalds is Hesburger.

There are not many fastfoodrestaurants so there is not much competition going on. In both countries employees are impacting McDonalds because company is recruiting, training staff for company. It is not uncommon for McDonalds to be the employer of first resort for young people just entering the workforce, older workers desiring extra income, or for those planning on transferring from one corporation to another. So, employee is impacting McDonalds in this way. Legal factors In both counties McDonalds producing their product and they are serving those directly to customers.

That's way the factor of product and service is impacting McDonalds. Product quality, product variety, quick and friendly service, every things are important for company. Those got an important impact on McDonalds.

Employment law also affects McDonalds in the UK and Lithuania. In the UK minim wage is: Apprentice- ? 2. 65, under 18- ? 3. 68, 18 to 20- ? 4. 98 , and over 21- ? 6. 19. In Lithuania, there are not hourly wages, but the minimum salary for everyone in Lithuania is 232 euro a month.

People in England has more money to spend on fast food restaurants than Lithuanians due to a larger income, therefore McDonald restaurants make much bigger profits in the UK than in Lithuania. Social factors In the UK there are many more McDonald's restaurants than in Lithuania, mainly because of people's Lithuanian people are more keen on healthy eating than British people. Most of Lithuanian people grow their own vegetables and fruit; they also like to buy organic foods from the market, and stays away from fast food restaurants. McDonalds are not so popular in Lithuania as it is in the UK because of different coulture.